WILLAS-ARRAY™
威雅利電子(集團)有限公司
Willas-Array Electronics (Holdings) Limited

FOR IMMEDIATE RELEASE

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Willas-Array reports 1H2014 net profit attributable to shareholders of HK$23.6 million on revenue of HK$1.6 billion

- *Gross margin improved to 10.69% in 1H2014 from 9.68% in 1H2013*

Financial Highlights in HK$'m	**6 months ended 30 September**		
	1H2014	**1H2013**	**% Change**
Revenue	**1,629.0**	**1,667.4**	- 2.3
Gross profit	**174.1**	**161.3**	+7.9
Profit before tax	**30.5**	**29.0**	+4.9
Profit attributable to shareholders	**23.6**	**22.4**	+5.2

SINGAPORE – 14 November 2013 – SGX mainboard-listed **Willas-Array Electronics (Holdings) Limited** (**"Willas-Array"** or the **"Group"**), one of the largest Hong Kong-based distributors of electronics components in the Asia Pacific region, today reported net profit attributable to shareholders of HK$23.6 million for the first six months ended 30 September 2013 ("**1H2014**"), representing a 5.2% year-on-year ("**y-o-y**") growth as compared to the previous corresponding half year ("**1H2013**").

During the period under review, the Group recorded a 2.3% decrease in sales revenue, arising from the gradual transfer of Toshiba-related businesses to GW Electronics Company Limited ("**GW Electronics**"), a joint venture established by the Group in November 2012 with G.M.I Technology Inc., a Taiwan-based premier electronics distributor listed on the Taiwan Stock Exchange, to engage in the distribution of the Toshiba brand of electronic components in mainland China and Hong Kong.

In turn, GW Electronics contributed a share of profit of associates of HK$5.3 million to the Group's bottom-line in 1H2014. The Group did not record any share of profits from associates in the same period last year.

The overall growth in net profits was partly due to an increase in profit margin in 1H2014, which rose to 10.69% as compared to 9.68% in 1H2013. This was a result of the successful efforts by the Group to improve its inventory management, which led to better control of the stock situation and prevented the need to offer highly competitive pricing in order to clear inventory.

Operationally, the Group's distribution costs jumped 91.4% to HK$21.7 million as a result of sales incentive accrued by the sales division. In 1H2013, there was a reversal of sales incentive provision as a result of a decline in sales in the previous corresponding period.

In relation to Willas-Array's proposed dual primary listing on the Hong Kong Stock Exchange, which was announced on 18 March 2013, the Group is currently working with various professional parties on the listing exercise. In respect of this exercise, the Group incurred listing expenses of HK$13.1 million in 1H2014. The full amount of the listing expenses is expected to be fully recognized in the current financial year.

Commenting on the Group's financial performance for 1H2014, Willas-Array's Chairman, Mr Lawrence Leung, said, "We are encouraged to see the Group's bottom-line grow despite the challenging global economy, which is not exactly out of the woods yet. The US economy is expected to grow at a muted pace as it continues to be plagued by debt ceiling issues. Over in Europe, the sovereign debt crisis, though no longer the talk of the town, still has no concrete remedy in sight, and meanwhile, China is facing increasing inflationary pressures even as its economic growth slows down."

"Our healthy performance amidst the dull global consumption patterns, show that our strategy in focusing our efforts on prudent capital management through cost and credit controls, as well as our ability to respond quickly to market conditions with sharp material and resource planning tactics, has continued to pay off." Mr Leung added.

As at 30 September 2013, the Group maintained a strong working capital of HK$332.1 million, with a healthy cash balance of HK$380.8 million.

Based on the financial results for the half-year period in review, basic earnings per share for 1H2014 stood at 6.33 HK cents, slightly higher than the 6.02 HK cents in 1H2013. Net asset value per share as at 30 September 2013 was 148.32 HK cents, as compared to 147.09 HK cents as at 31 March 2013.

Outlook

While the Group remains cautious about the global macroeconomic outlook, it is hopeful that the dual primary listing of its shares on the Hong Kong Stock Exchange will bring the Group to the next phase of growth in the China market.

Mr Leung said, "Should the dual listing be successful, it will give Willas-Array bigger exposure to potential investors and customers in both China and Hong Kong, in line with our business focus on these markets. Barring unforeseen circumstances, we are cautiously optimistic that the Group will continue its steady performance in the next half-year as we seek to align our engineering efforts and allocate our resources to our various business segments in line with market demand and trends. For example, in response to consumers' growing environmental consciousness, some of the products in our R&D pipeline include better enhanced power inverter for home appliances and smart utilities meters that help to manage energy and water consumption."

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About Willas-Array Electronics (Holdings) Limited

Established in the early 1980s and listed on the Main Board of the Singapore Exchange in 2001, Hong Kong-based Willas-Array is principally engaged in the distribution of active and passive components for use in the industrial, audio and video, telecommunications, home appliance, lighting, EMS, automotive, and dealer segments. Backed by long-standing relationships with over 20 reputable Principals, Willas-Array carries a wide product mix, distributing and marketing in excess of 10,000 product items which cater to over 2,000 active customers. Its main markets are in mainland China and Hong Kong.

In China, Willas-Array has established a network of offices strategically located in Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen, and Zhongshan. It has a subsidiary in the Free Trade Zone in Shanghai which serves as a logistics centre for the Group in North China.

Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in China. In November 2012, Willas-Array set up a joint venture company called GW Electronics Company Limited with Taiwan-based and Taiwan Stock Exchange listed electronics distribution company, G.M.I. Technology Inc., to engage in the distribution of the Toshiba brand of electronic components in mainland China and Hong Kong.

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